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Thailand

Grain and Feed

Annual

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Report Highlights:

The anticipation of dry weather conditions may lead to a reduction in rice and corn production for MY 2002/03.

Includes PSD changes: Yes

Includes Trade Matrix: Yes

Annual Report

Bangkok [TH1], TH

Executive Summary

Thailand's 2002/2003 rice production is forecast at 24.6 mmt in anticipation of dry weather conditions, following a lack of precipitation during the first quarter of this year. The MY 2000/01 rice production is estimated at 25.0 mmt, a slight drop from last season because of moderate rains which were interrupted during Jul/Aug, and despite minor pest and diseases problems. Harvested area is estimated to be up slightly from the previous year. Thai rice exports broke the record of 6.68 in 1999 and increased to 7.5 mmt in 2001, but are forecast to decline to 7.0 mmt in 2002 in response to limited demand. Export prices for all grades tend to weaken along with limited demand in 2002.

Corn production for MY 2002/03 is forecast to decline to 4.0 million tons, due to the possible serious impact of El Nino phenomenon on weather conditions and decreased corn plantings. In line with healthy livestock sector performance, domestic demand for corn should grow further. Increased demand against lower domestic supplies should be met by a large amount of imports (about 500,000 tons) in MY 2002/03. However, the U.S.'s exports may remain minimal, unless the present Thai import policy changes in the manner that the U.S. corn can compete with suppliers like Argentina and China. Thailand's corn exports in MY 2002/03 should be limited to about 100,000 tons following a tight supply and demand situation.

Due to the relatively small domestic production, Thailand's wheat consumption has been totally dependent on the importation. In line with anticipated growing consumption, total wheat/flour imports in MY 2002/03 are forecast to increase slightly from the MY 2001/02's level. The U.S. should remain the largest supplier of wheat grains to Thailand, accounting for 38-40 percent of the market in MY 2002/03. The implementation of AFTA agreement which led to a reduction in import duties on wheat flour/flour products has begun to pose a threat to local flour mills and flour-based confectionary manufacturers. At the moment, the government has not been responsive to the request by a group of flour mills to reduce import duties on wheat grains.

Pulse production in 2002 is forecast to increase in response to a price-driven expansion in the growing areas. As a result, exports should recover from the 2001's level.

Rice Section

PSD Table						
Country	Thailand					
Commodity	Rice, Milled (1000 HA)(1000 MT)					
	Revised1999		Preliminary2000		Forecast2001	
	Old	New	Old	New	Old	New
Market Year Begin		01/2000		01/2001		01/2002
Area Harvested	9833	9970	9840	9900	0	9900
Beginning Stocks	1051	1176	652	1827	2002	1832
Milled Production	15180	16500	15850	16900	0	16500
Rough Production	23000	25000	24015	25606	ERR	25000
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	16231	17676	16502	18727	2002	18332
TOTAL Exports	6679	6549	5500	7500	0	7000
Jan-Dec Exports	6679	6549	5500	7500	0	7000
TOTAL Dom. Consumption	8900	9300	9000	9395	0	9490
Ending Stocks	652	1827	2002	1832	2002	1842
TOTAL DISTRIBUTION	16231	17676	16502	18727	2002	18332

PSD Table						
Country Thailand						
Commodity Rice, Milled (1000 HA)(1000 MT)						
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin		01/2001		01/2002		01/2003
Area Harvested	9833	9920	9840	9990	0	9920
Beginning Stocks	1051	1827	652	1833	2002	1913
Milled Production	15180	16901	15850	16500	0	16236
Rough Production	23000	25608	24015	25000	ERR	24600
MILLING RATE (.9999)	6600	6600	6600	6600	0	6600
TOTAL Imports	0	0	0	0	0	0
Jan-Dec Imports	0	0	0	0	0	0
Jan-Dec Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	16231	18728	16502	18333	2002	18149
TOTAL Exports	6679	7500	5500	7000	0	7000
Jan-Dec Exports	6679	7500	5500	7000	0	7000
TOTAL Dom. Consumption	8900	9395	9000	9420	0	9450
Ending Stocks	652	1833	2002	1913	2002	1699
TOTAL DISTRIBUTION	16231	18728	16502	18333	2002	18149

Production/Crop Assessment

Low paddy prices this year should result in lower fertilizer usage and more relaxed husbandry efforts. This situation combined with the dry weather conditions in most parts of the country during the first quarter of 2002, Thailand's 2002/2003 rice production is forecast to be down slightly to 24.6 mmt. The 2001/02 rice production is estimated at 25.0 mmt –19.0 mmt main season crop and a 6.0 mmt second crop. The main crop output in the Northeast is estimated to be slightly less than last year's record production as the rainfall pattern in 2001 was not ideal as in 2000. The upland acreage and field yields are understood to have declined from last year's peak level. The widespread precipitation during harvesting resulted in lower milling yields to 38-40%, compared to last year's excellent conversion rate of approximately 45% head rice. Production in the North and Central was reported to be close to last year's level. Although there are very minor pests and disease problems in most regions and assuming that the upcoming second crop remains good, rice production in 2001/02 is estimated to be slightly less than last season's crop.

The 2002/03 main crop harvested area is expected to be slightly lower than in 2001/02 as there was no rain in early this year and some areas in the Northeast have reportedly faced some drought. Harvested area in 2001/02 is estimated to be nearly 10.0 million hectares as a result of reduced flooded areas. There was a dry spell during vegetative stage and yields are expected to drop slightly.

Yield (Metric Ton/Ha.)

Yield	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001 E/	2002 F/
Main	1.82	2.10	2.03	2.07	2.10	2.10	2.00	2.00	2.16	2.20	2.10	2.00
Second	3.93	4.11	4.04	4.07	4.20	4.25	4.18	4.18	4.10	4.25	4.25	4.20
Total	1.96	2.25	2.17	2.17	2.30	2.38	2.37	2.37	2.37	2.40	2.38	2.33

Source: Office of Agricultural Economics, Ministry of Agricultural & Cooperatives

E/ Estimated.

F/ Forecast.

Consumption

Rice remains Thailand's staple food with per capita rice consumption estimated at about 110 kilograms. Although wheat products are becoming more popular, there is very limited direct substitution for rice in traditional eating habits. Some indirect substitution occurs in large urban centers as a result of increased western foods.

Trade/Competition

Thailand's 2002 rice exports are forecast at 7.0 mmt, down 7 percent from the record 7.5 mmt last year. The major drop mainly comes from Nigeria and Senegal. China's entry into the WTO could result in stepped up demand for fragrant rice. Vietnam's absence from the market during Nov'01 - Feb'02 gave some benefit for Thailand in selling more rice during the first quarter of 2002, unlike the situation during the first quarter of 2001 when the world market was weak. As Burma and India continue to be the cheapest source of low grade rice, Thailand is having increasing difficulty in competing in low quality markets. If Thailand aggressively pursues G-to-G sales to Indonesia, the Philippines and Iran, exports should be in the neighborhood of 7.0 mmt.

Fragrant rice exports continued to move on an upward trend of four consecutive years, increasing 9 percent from last year, but still down 11 percent from the peak exports of 1.46 mmt in 1996. The United States remained the major market for Thai fragrant rice, followed by China, Hong Kong, Singapore and Malaysia. Lower prices for fragrant rice also attracted Israel, Saudi Arabia, Australia and the Philippines to import more than the previous years. Indonesia and the Philippines came back as the big buyers of low quality rice, while Senegal and Nigeria purchased more Thai broken and parboiled rice, respectively in 2001.

The yearly average farm gate price continued to drop 7 percent in 2001 after being in an upward trend during 1995-1998, in response to strong competition from other major producers, such as Burma and India. The average price of local milled white rice 5% decreased 6 percent in 2001. Prices for rice are likely to continue to weaken in 2001 as prices have been very low in most major exporting countries including Thailand.

Farm-gate Price (Bht/ton)	1995	1996	1997	1998	1999	2000	2001
Paddy 5 %	4,053	5,189	5,472	6,629	5,579	4,808	4,484

Source: Office of Agricultural Economics, Ministry of Agriculture & Cooperatives.

Prices tend to fluctuate along with international demand. Due to the absence of selling competition from Vietnam during the first two months of 2002, export prices of most grades were up a few dollars per ton, compared to the same period of last year. As a result, the average farm-gate paddy price moved up slightly from 4,579 in January to 4,747 baht per ton in February, 2002, which are 7-8 percent above the same period in 2001. Since the government plays a strong role in the price support program by setting the mortgage prices at 700-1,300 baht per ton above the market level, producers prefer to pledge their paddy with the government. As a consequence, the industry slowed down their milling and kept less paddy in their own stocks. The majority of millers survived by milling government paddy and getting payments in the forms of broken and rice bran in return. However, the government continues to provide packing credit to the exporters as usual.

Prices Table			
Country	Thailand		
Commodity	Rice, Milled		
Prices in	Baht/Kg (Wholesale Price in Bangkok of New Crop WR 100 B)		
Year	2000	2001	% Change
Jan	8.58	7.54	-12.12%
Feb	8.92	7.48	-16.14%
Mar	8.21	7.29	-11.21%
Apr	7.70	7.16	-7.01%
May	7.51	7.20	-4.13%
Jun	7.42	7.40	-0.27%
Jul	7.16	7.43	3.77%
Aug	7.18	7.24	0.84%
Sep	7.09	7.29	2.82%
Oct	7.66	7.19	-6.14%
Nov	7.69	7.41	-3.64%
Dec	7.58	7.52	-0.79%
Exchange Rate	43.50	Local currency/US \$	

SOURCE: Department of Internal Trade, Ministry of Commerce.

Export Trade Matrix			
Country		Thailand	
Commodity		Rice, Milled	
Time period		Jan-Dec	Units: Metric Ton
Exports for:	2000		2001
U.S.	244,417	U.S.	285,454
Others		Others	
Nigeria	874,152	Nigeria	1,496,571
Senegal	625,767	Senegal	814,688
Iran	611,200	Indonesia	446,971
South Africa	428,916	Malaysia	348,697
Malaysia	330,491	South Africa	343,160
Korea, DPR	295,218	Iran	321,955
Iraq	288,225	Ivory Coast	305,143
China	274,819	Singapore	290,884
Singapore	263,416	Hong Kong	266,913
Indonesia	250,359	Iraq	263,390
Total for Others	4,242,563		4,898,372
Others not Listed	2,062,317		2,315,742
Grand Total	6,549,297		7,499,568

Import Trade Matrix			
Country		Thailand	
Commodity		Rice, Milled	
Time period		Jan-Dec	Units: Metric ton
Imports for:	2000		2001
U.S.	407	U.S.	17
Others		Others	
		India	47
		Netherlands	43
		Pakistan	32
		Italy	3
		Laos	1
Total for Others	0		126
Others not Listed	117		1
Grand Total	524		144

Policy

Thai government continue to take an active position in selling 300,000 ton of WR 25 % under G-to-G arrangements to North Korea at \$162/ton this year. The 2002 rice policy remains similar to the previous years both in terms of its overall budget and measures being employed (see TH0124, dated Dec 8'00). The principle of the policy aims at the following measures to help stabilize paddy prices for the 2001/02 rice crop and provide market support at harvest time or to assume market risk.

- Rice Exports under G-to-G Arrangements;
- Paddy Mortgage Scheme;
- Milled Rice Purchases;
- Paddy Purchases; and
- Packing Credit for Exporters.

The paddy mortgage scheme continues to operate under the Bank for Agriculture and Agricultural Cooperatives (BAAC). Participating farmers obtain a loan from BAAC by mortgaging their crop to the BAAC any time from November 15, 2001 through February 28, 2002. However, the paddy pledging plan is extended by another month to March 31, 2002, only for farmers in the northeast. As of February 28, 2002, the paddy pledged recorded at 3,820,568 tons, valued at 21,162.17 million baht. The comparison in an amount of paddy pledged for the past nine years is as follows:

Year	Number of Farmers	Paddy Pledges (Metric Tons)	value ('000 Bht)
1993	465,744	3,383,324	10,550,210
1994	199,956	1,202,718	3,664,220
1995	211,409	1,402,931	4,229,400
1996	181,999	1,181,259	3,938,743
1997	123,870	865,113	2,968,657
1998	111,107	786,363	2,938,730
1999	116,335	677,278	3,262,777
2000	113,062	697,756	3,286,433
2001	168,483	1,618,496	8,124,849
2002 1/	506,328	3,820,568	21,162,166

1/ Data reported as of Feb 28, 2002.

Source: Bank for Agriculture & Agricultural Cooperatives (BAAC).

The Marketing Organization for the Farmers (MOF) and Public Warehouse Organization

(PWO) actively intervene the market this year, as paddy prices have dropped significantly below the target prices. These two organizations reportedly bought the 2001/02 main crop paddy about 700-1,300 baht per ton above the market price, hire millers to process, and deliver to their rented godowns. This is an effort to lift the paddy prices by creating artificial demand and selling rice under G-to-G arrangements. Since millers cannot compete in buying paddy, many of them end up in doing business with the government in milling paddy and get payment in term of brokens and rice bran which valued at about 450 baht per ton. By joining this business with the government, it is no cost risk.

Paddy prices under the rice support program are as follows:

THAILAND: Paddy Prices under Rice Support Program (Baht/M.T.)									
		Jasmine Paddy	Paddy 100%	Paddy 5%	Paddy 10%	Paddy 15%	Paddy 25%	GI Paddy long grain	GI Paddy Mixed grd
1992/93	Target Price	4,200	4,200	4,100	4,000	3,900	3,800	3,450	3,150
	Calculated Loan Price	3,780	3,780	3,690	3,600	3,510	3,420	3,105	2,835
1993/94	Target Price	4,200	4,000	3,900	3,700	3,600	3,400	3,450	3,150
	Calculated Loan Price	3,780	3,600	3,510	3,330	3,240	3,060	3,105	2,835
1994/95	Target Price	4,244	4,044	3,944	3,744	3,644	3,444	3,494	3,194
	Calculated Loan Price	3,820	3,640	3,550	3,370	3,280	3,100	3,145	2,875
1995/96	Target Price	4,600	4,400	4,300	4,100	4,000	3,800	3,850	3,550
	Calculated Loan Price	4,140	3,960	3,870	3,690	3,600	3,420	3,465	3,195
1996/97	Target Price	4,760	4,550	4,450	4,240	4,140	3,930	3,980	3,670
	Calculated Loan Price	4,280	4,095	4,005	3,815	3,725	3,535	3,580	3,300
1997/98	Target Price	5,290	4,640	4,540	4,340	4,240	4,040	4,730	4,430
	Calculated Loan Price	4,760	4,175	4,085	3,905	3,815	3,635	4,255	3,985
1998/99	Target Price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Calculated Loan Price	6,155	5,000	4,910	4,730	4,640	4,460	5,580	5,310
1999/00	Target Price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Calculated Loan Price	6,495	5,280	5,185	4,995	4,900	4,710	5,890	5,605
2000/01	Target Price	6,840	5,560	5,460	5,260	5,160	4,960	6,200	5,900
	Calculated Loan Price	6,495	5,280	5,185	4,995	4,900	4,710	5,890	5,605
2001/02	Target Price	NA	NA	NA	NA	NA	NA	NA	NA
	Calculated Loan Price	6,500	5,330	5,235	5,045	4,950	4,760	5,900	5,650

The Government recently announced another paddy mortgage program for the 2002 second crop which will start on March 20 - July 31. Paddy quantity target is set at 1.5 mmt. Prices are

set at 4,880 and 4,500 baht per ton for paddy 5% and 25%, respectively. Millers will be in a difficult position to compete with the government in buying second crop paddy, since market price is 300 baht per tons below the price offered under paddy pledged scheme. Since Thai rice prices are above the world's level, the government will have to play a more important role in doing rice business. This role is likely in the form of subsidized G-G sales not reported to the WTO.

Non Tariff Barriers

Thailand has long banned imports of rice to protect its farmers. However, the Uruguay Round agriculture agreement established market access to Thailand for rice imports in 1995. The Ministry of Commerce has announced the annual import quota of rice since 1995 as follows:

Year	Paddy	Cargo rice	Milled rice	Brokens	Total
	----- Metric Tons -----				
1995	95,145.00	95,145.00	23,786.50	23,786.50	237,863.00
1996	95,673.83	95,145.00	23,918.45	23,918.45	239,184.56
1997	NA	NA	NA	NA	240,506.11
1998	NA	NA	NA	NA	241,827.67
1999	NA	NA	NA	NA	243,149.22
2000	NA	NA	NA	NA	244,470.78
2001	NA	NA	NA	NA	245,792.00
2002	NA	NA	NA	NA	247,114.00

Source: Department of Foreign Trade, Ministry of Commerce.

Customs' data showed the insignificant 2001 actual imports at 144 metric tons, valued at 3.30 million baht (\$74,209), compared with 524 metric tons, valued at 9.28 million baht (\$230,982) in 2000. The imports mainly were from India and Pakistan, with a small amount also coming from the United States. The Thai government does not allow the export of paddy rice.

Corn Section

PSD Table						
Country	Thailand					
Commodity	Corn				(1000 HA)(1000 MT)	
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin	07/2000		07/2001		07/2002	
Area Harvested	1210	1210	1180	1180	0	1150
Beginning Stocks	240	466	340	591	265	491
Production	4700	4700	4400	4400	0	4000
TOTAL Mkt. Yr. Imports	25	6	25	200	0	500
Oct-Sep Imports	25	6	25	200	0	500
Oct-Sep Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	4965	5172	4765	5191	265	4991
TOTAL Mkt. Yr. Exports	300	281	200	300	0	100
Oct-Sep Exports	300	400	200	250	0	150
Feed Dom. Consumption	4225	4250	4200	4350	0	4500
TOTAL Dom. Consumption	4325	4300	4300	4400	0	4550
Ending Stocks	340	591	265	491	0	341
TOTAL DISTRIBUTION	4965	5172	4765	5191	0	4991

Production

Based on the likelihood of drier weather conditions than average and a reduction in growing area, Thailand's corn production for MY 2002/03 is forecast to decline to about 4.0 million tons, compared to the estimated 4.4 million tons in the MY 2001/02. The Meteorological Department in Thailand recently reported that the possible El Nino phenomenon will affect weather conditions in Asia in 2002, which may lead to a delayed rainy season and to reduce the precipitation rate by 10 percent in Thailand. As nearly all the growing area for corn is rain-fed, this could severely impact on corn productivity in MY 2002/03. In addition, due to the favorable farmgate prices for cassava roots in MY 2001/02 versus corn prices, some farmers have switched their land to cassava roots at the expense of corn planting.

The estimate of corn production for MY 2001/02 remains unchanged at 4.4 million tons, as opposed to 4.7 million tons in 2000/01. Harvested area is estimated to decline by 2 percent from last season, as unattractive prices in MY 2000/01 partly discouraged the planting of the rainy season corn crop. The incidence of dry conditions in July/August in some growing areas also wiped out a portion of corn area. Dry conditions also affected average yields on harvested areas in some provinces of the Central region (Lopburi, Uthai Thani, and Suphanburi), the Northeastern region (mainly Nakhon Ratchasima and Loei), and the Eastern region (Prachinburi and Sra Kaew). However, production in other major growing areas has been good to excellent,

due to favorable climatic conditions and the increase in fertilizer use by farmers. All in all, average yields for the MY 2001/02 are estimated to drop from 3.87 tons/hectare in MY 2000/01 to 3.69 tons/hectare.

Average cost of corn production in MY 2002/03 is likely to increase to around \$80-85/ton, due mainly to anticipated weather-affected lower yields. The Office of Agricultural Economics (OAE) estimates that the average cost for MY 2001/02 in Thailand was \$79.0/ton, as opposed to \$77.0/ton in MY 2000/01. Variable cost in MY 2001/02, according to the OAE, increased by 3 percent from \$ 235.15/hectare in the 2000/01 to \$ 241.35/hectare. Most of the variable cost went into labor (\$ 155.91/hectare), seed (\$ 32.56/hectare), and fertilizer (\$ 28.62/hectare). Variable cost accounted for 87 percent of total production expenses.

Consumption

Because of anticipated growing livestock production, especially from the broiler industry, total domestic consumption in MY 2001/02 is forecast to further grow by 3-4 percent over the MY 2001/02's level.

Total consumption for corn in MY 2001/02 is estimated to grow by 2 percent over the MY 2000/01, which is not consistent with the 7-8 percent growth in total livestock feed demand. According to trade sources, this inconsistency is mainly because of a change in feed rations which disfavored corn utilization. As cost of imported soybeans and soymeal declined substantially in recent years, most feed mills have switched to higher-protein feed rations at the expense of carbohydrate content. As a result, the feed rations for broiler feed in a large feedmill is currently composed of 50-55 percent for corn (as opposed to 60-65% in the past), 25 percent for soymeal (against 15%), and 20 percent for full-fat soybeans (compared to 5-10%).

Not only has a demand pattern for corn adjusted, but the patterns of domestic corn prices are also changing. Due to the fact that feedmills, especially those which are fully-integrated broiler processors for export, have more freedom to utilize domestic corn or imported corn (as explained in the "Policy" section), the determination of domestic corn prices is more parallel to the world prices. Despite the likelihood of decreased supply availability and increased demand, most large feedmills purchased domestic corn on the hand-to-mouth basis. As a result, average domestic corn prices in the first half of MY 2001/02 (Jun-Dec 2001) were basically unchanged at 4.35 baht/kg (US\$ 100/ton). However, due to a concern about a delayed new crop and a possible lack of domestic supplies by the end of MY 2001/02, feedmills recently began to purchase corn actively and corn prices climbed to about 4.50 baht/kg (\$103/ton) in February, 2002 and to currently 4.70-4.85 baht/kg (\$ 108-111/ton). Trade sources reported that corn prices would easily go up to 5.00-5.20 baht/kg (\$ 115-120/ton) by the end of March.

Corn currently accounts for about 50-55 percent of the ration for broiler and layer feed, as opposed to 20-25 percent for swine and dairy cattle feed, and 10 percent for duck feed. Total feed production in 2002 (including all kinds of livestock and aquaculture feed) is estimated at about 9.9 million tons, as compared to 9.5 million tons in 2001. Due to a growing livestock industry, some existing feedmills have expanded their production capacity by extending the old

facilities or building new plants. It is estimated that 80 percent of domestic feed production is derived from about 75 commercial feedmills, while the balance is on-farm feed production.

Prices Table

Prices Table			
Country	Thailand		
Commodity	Corn		
Prices in	Baht	per uom	Ton
Year	2000	2001	% Change
Jan	5310	4550	-14.31%
Feb	5300	4360	-17.74%
Mar	5450	4310	-20.92%
Apr	5530	4370	-20.98%
May	5300	4410	-16.79%
Jun	4510	4320	-4.21%
Jul	4280	4200	-1.87%
Aug	4020	4310	7.21%
Sep	4120	4360	5.83%
Oct	4570	4490	-1.75%
Nov	4610	4450	-3.47%
Dec	4570	4310	-5.69%
Exchange Rate	43.5	Local currency/US \$	

Source: Thai Feed Mill Association

Trade

Thailand does not ban the imports of GMO corn grains which are normally used for the feed production purpose. However, the level of corn imports is still limited by the crop size of domestic production and the prevailing tariff-rate-quota (TRQ) import regulations. Based on an anticipated reduction in supply availabilities vis-a-vis an increased demand, Thailand's corn imports are forecast to reach 500,000 tons in MY 2002/03. In MY 2001/02, although Thailand imported only 3,561 tons in the first half of the MY 2001/02 (Jul-Dec 2001), several feedmills are seriously considering the importation of corn in a substantial amount in the second quarter of 2002. Trade sources reported that, due to the recent climbing domestic prices, imported corn begins to be competitive against domestic corn again. The current price quotations for Argentine corn is about \$ 104.0-105.0/ton C&F at Bangkok. Adding the discharge and transportation cost of \$ 11.0-12.0/ton to the import prices, the import cost for Argentine corn is now about \$ 115.0-117.0/ton, or 5.00-5.10 baht/kg, a level to which domestic prices are supposed to reach by the end of March. It is estimated that 200,000-300,000 tons of corn may be imported, mainly from Argentina and China, from April- June 2002. However, the U.S.'s participation in this market is likely to be limited because of its price disadvantage against Argentina at this time of year.

Thailand's corn exports have fluctuated following its domestic supplies and demand. The regular markets for Thai corn exports are ASEAN countries, (especially Malaysia, Singapore, and Indonesia), Taiwan, and Hong Kong. Buyers in these countries prefer Thai corn when they need to purchase corn in small shipments (about 3,000-5,000 tons).

As decreased supply availabilities should lead to higher domestic corn prices which would make Thai corn less competitive, the exports for MY 2002/03 are forecast to drop to about 100,000 tons. For MY 2001/02, low-priced corn during the period of heavy supply deliveries in late 2001 allowed exports to reach 225,000 tons in Jul-Dec 2001. However, a slowdown in exports in the second half of MY 2001/02 (Jan-Jul, 2002) following rising prices should limit the total exports in MY 2001/02 to about 300,000 tons.

Trade Matrix

Import Trade Matrix			
Country	Thailand		
Commodity	Corn		
Time period	Jan-Dec	Units:	Tons
Imports for:	2000		2001
U.S.	3413	U.S.	2824
Others		Others	
Argentina	26250	Laos	2620
China	305979	South Africa	1204
Laos	870		
Indonesia	1800		
South Africa	386		
Total for Others	335285		3824
Others not Listed	22		1
Grand Total	338720		6649

Source: Department of Customs

Export Trade Matrix			
Country	Thailand		
Commodity	Corn		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	0	U.S.	1
Others		Others	
Malaysia	12214	Malaysia	227734
Laos	364	Laos	15
Taiwan	6000	Taiwan	19614
Hong Kong	110	Hong Kong	6745
Singapore	1200	Singapore	26100
		China	13700
		Egypt	14000
		Indonesia	179493
		Sri Lanka	1698
		Myanmar	1318
Total for Others	19888		490417
Others not Listed	56		433
Grand Total	19944		490851

Source: Department of Customs

Policy

Due to a lack of government budget, Department of Agricultural Extension has suspended its project to subsidize the use of high-yielding hybrid seed in an effort to improve productivity. Instead, they switched in MY 2001/02 to develop prototype farming demonstrations for corn farmers in 10 growing provinces. The project is aimed at educating corn farmers to apply proper farming practices. The budget was limited at only 15 million baht (US\$ 0.33 million) for the MY 2001/02 and the MY 2002/03.

The Thai Government continued their effort to stabilize domestic corn prices through two measures, including a mortgage scheme for corn and the administration of a minimum tariff rate quota.

The mortgage scheme being conducted in MY 2001/02 is similar to that in MY 2000/01. The target amount of mortgaged corn remains unchanged from the previous year at 500,000 tons of grained corn (or 650,000 tons of cob corn). While the program in MY 2000/01 was for grained corn only, the mortgage scheme in MY 2001/02 allowed farmers to mortgage their production in both forms of grained corn and cob corn. In addition, the loan rates for grained corn at specified silos (moisture level not exceeding 14.5 percent) increased to 4.19 baht/kg (US\$ 95/ton), as opposed to 4.10 baht/kg (US\$ 93/ton) in MY 2000/01. The loan rates for cob corn at specified silos (with 14.5 % moisture content) was 3.27 baht/kg (US\$ 74/ton). These loan rates would be deducted in proportion to the moisture content which exceeds the specified level. In November 2001, the Government increased the loan rates to 4.27 baht/kg (US\$ 97/ton) for grained corn, and 3.34 baht/kg (US\$ 76/ton) for cob corn, respectively, reflecting decreased domestic supplies.

The period of the loan would not exceed 2 months (as opposed to 4 months in MY 2000/01), and farmers will be charged 5 percent per annum interest on this loan (against 3 percent in MY 2000/01). Farmers are allowed to abandon their mortgaged corn with no interest charge if market prices fall below the mortgage price. On the other hand, farmers may redeem their mortgaged corn prior to the loan due date and sell it at market prices, when prices are above the mortgage rate. As of February 2002 when the program was due, the amount of mortgaged corn was about 310,000 tons.

In the past, the Government delayed its announcement on the tariff rate quota allocation for corn in order to stabilize domestic corn prices. Again, the TRQ allocation and the import regulations for 2002 was not issued until mid February, 2002. It was stipulated that:

(1) The import quota of 54,121 tons, eligible for both WTO and non-WTO countries, is subject to a 20 percent tariff rate and for the shipment period of March 1-June 30, 2001. The imports under the quota must be conducted only by the Organization of Public Warehouse;

(2) The non-quota imports from WTO countries will be subject to a 74.6 percent tariff rate plus a surcharge of 180 baht/ton, while those from non-WTO countries are subject to 2.75 baht/kg and a special charge of 12.64 percent (sum of both duties is close to 74.6 percent) plus a surcharge of 180 baht/ton. There is no limit on the shipment period, specified importers, and an

amount of import for these non-quota imports; and

(3) The imports from AFTA member countries will be subject to a 5 percent tariff rate and there is no limit on the shipment period, specified importers, and an amount of import.

Although this import policy is likely to restrain the corn imports into Thailand, the drawback on imported raw materials which are processed for re-export has enabled integrated feedmills to have the freedom to some degree in importing corn. Under Section 19 bis of the Customs Act (No. 9), B.E. 2482, the import duties on raw materials which are produced, mixed, assembled, or packed for re-export can be refunded. Practically, the Customs Department recently facilitated the eligible importers by accepting the use of bank's guarantee on valuated import duties, instead of paying duties in a full amount and receiving the refund later. For example, a feedmill which integrates its broiler operations (from farm to processed meat for export) may import corn under the non-quota condition, which is subject to a 74.6 percent tariff rate plus a surcharge of 180 baht/ton. Instead of paying all import duties and reimburse the refund, the feedmill is eligible to pay import duties by mean of the bank guarantee. This means that the feedmill pays only a fee collected by a bank for its guarantee service. However, it is important to note that the importation under non-quota conditions in a certain year is not eligible, unless the import quota in that year is fulfilled. This matter of fact indicates that the current import policy is designed to protect local corn producers (the quota imports are valid from the month of March when Thai corn production is off-season), but at the same time, to compromise with large livestock producers which integrate their operations for export.

Marketing

The market for U.S. corn exports in Thailand in recent years has been fairly limited because of its non-competitiveness against the competitors (mainly Argentina) and domestic corn supplies.

Wheat Section

PSD Table						
Country	Thailand					
Commodity	Wheat				(1000 HA)(1000 MT)	
	Revised	2000	Preliminary	2001	Forecast	2002
	Old	New	Old	New	Old	New
Market Year Begin		07/2000		07/2001		07/2002
Area Harvested	0	0	0	0	0	0
Beginning Stocks	50	185	50	284	50	264
Production	0	0	0	0	0	0
TOTAL Mkt. Yr. Imports	941	899	1000	830	0	850
Jul-Jun Imports	941	899	1000	830	0	850
Jul-Jun Import U.S.	353	383	0	280	0	300
TOTAL SUPPLY	991	1084	1050	1114	50	1114
TOTAL Mkt. Yr. Exports	70	0	70	0	0	0
Jul-Jun Exports	70	0	70	0	0	0
Feed Dom. Consumption	100	310	100	330	0	360
TOTAL Dom. Consumption	871	800	930	850	0	910
Ending Stocks	50	284	50	264	0	204
TOTAL DISTRIBUTION	991	1084	1050	1114	0	1114

Production

Due to unsuitable climatic conditions, the Ministry of Agriculture has not been successful in promoting wheat production in Thailand. Wheat production, which is entirely grown in the High North of Thailand, was estimated at about 500-600 tons in MY 2001/02. Wheat is planted after the harvest of main crop paddy. Farmers are using three varieties of seed, i.e., Samoeng 1, Samoeng 2, and Fang 60. The most popular seed is Fang 60 which accounts for about 60 percent of total growing area.

Consumption

Total wheat/flour consumption in MY 2002/03 is forecast to further grow by 8 percent over the MY 2001/02's level based on the outlook for continued growth in both human and feed consumption. Despite the current high temperatures and a likelihood of El Nino phenomenon's impact on the 2002 rainy season in Thailand, it is estimated that shrimp production would continue to increase favorably due to prevailing strong export demand. Human consumption of wheat/flour should also grow by 7-8 percent in MY 2002/03 following increased population and increased number of modern trade outlets on bakery products.

As for the MY 2001/02, wheat/flour demand for feed production has grown by 10 percent in line with increased cultured shrimp production. The expansion was driven by attractive shrimp prices in the previous season and continued strong overseas demand for Thai frozen shrimp and cooked shrimp products. Human consumption of wheat/flour in MY 2001/02 is estimated to increase by 4 percent in response to the performance in several market segments. According to trade sources, bakery products, especially bread items, have grown significantly (about 10-12 percent), due to an increased number of bakery outlets in modern trade stores and an effort to launch new products among bread manufacturers. For example, the sales of President Bakery Co., Ltd., the largest bread manufacturer of the country, grew by 21 percent in volume in 2001. The noodle market has also expanded, but to a lesser degree, following fierce competition among large manufacturers in media and market promotion. However, the market for local biscuit slipped sharply because of competition from imported biscuits. Due to a reduction in import duties from 30 percent to 5 percent under the AFTA tariff schedule, retail prices for legally imported biscuits which originate in the AFTA member countries (i.e., Malaysia, Singapore, and Indonesia) are now close to those for local biscuits, while the quality of imported biscuits is superior. The market for all-purpose flour is basically unchanged from the previous marketing year. Trade sources reported that bread and cake is currently accounting for about 35-40% of total human consumption, followed by noodles (30-35%), all purpose (20-25%), and biscuit (5%), respectively.

Despite increased competition from imported flour and a new flour mill, the group of 7 old flour mills cooperated to retain their wholesale price list in most of 2001 and early 2002. Prices for bread flour (13.5-14.0%) are currently 450-460 baht/22.5 kgs. bag (approx. 20 cents/pound), followed by 470 baht/bag (22 cents/pound) for cake flour, and 350-360 baht/bag (17 cents/pound).

Trade

Wheat grain imports should remain supplied by three exporting countries, including the U.S., Australia, and Canada, in the next few years. To enjoy the favored low tariff rates, Thailand should increase the importation of flour from the AFTA countries like Malaysia and Singapore, at the expense of other non-AFTA countries. In recent years, the major suppliers of imported wheat flour are Japan, Australia, and Malaysia.

In line with anticipated growing wheat/flour consumption, total wheat/flour imports in MY 2002/03 are forecast to increase slightly from the MY 2001/02's level to 850,000 tons (of which 770,000 tons would belong to wheat grain imports). The U.S. market share in total wheat grain imports is pegged at 38-40 percent.

After a dramatic increase in wheat/flour imports in MY 2000/01 (a 20 percent growth over the MY 1999/2000), wheat/flour imports in MY 2001/02, based on the official import data in the second half of 2001, are likely to decline by 8 percent to 830,000 tons wheat grain equivalent. Out of total wheat/flour imports, wheat grain imports should decrease significantly from 837,031 tons in MY 2000/01 to about 750,000 tons in MY 2001/02. This is mainly because of relatively high stocks held by all flour mills and an influx of cheaper imported flour from suppliers in the

AFTA member countries. Wheat flour imports in MY 2001/02 are estimated to further increase from 45,114 tons in MY 2000/01 to about 60,000 tons (or 82,000 tons grain equivalent). More details about the threat of imported wheat flour to domestic flour mills are discussed in the "Policy" section.

Regarding the competition among supplying countries, the U.S. market share in MY 2001/02 is likely to drop from 46 percent of total wheat grain imports in MY 2000/01 to 38 percent, based on the fact that: 1) a relatively higher growth in feed consumption than that in human consumption would favor the use of Australian and Canadian wheat; and 2) some Thai flour mills recently began to substitute a portion of relatively competitive Canadian and Australia wheat for U.S. wheat. Regarding wheat flour imports, the market share of Malaysia and Singapore (AFTA countries) altogether may increase from 26 percent in MY 2000/01 to 44 percent in MY 2001/02, at the expense of non-AFTA suppliers like Japan and Australia and smuggled imports.

There has been no significant change in a pattern of wheat variety utilization since the last annual report. The U.S., Canada, and Australia remain major suppliers of both soft and hard wheat for Thailand's imports. A large feed mill, which has their own flour mill and is the largest player in shrimp feed market, has not purchased U.S. wheat due to its disadvantage in terms of price and protein and gluten content. As for wheat imported for human use, HRW from the U.S. competes with Australian Premium White (APW) or Australian Hard (AH) and Canadian Western Red Winter (CWRW); DNS wheat versus Australian Prime Hard and Canadian Western Red Spring (CWRS); and U.S. WW wheat versus Australian Standard White (ASW) and Canadian Plainly Spring Wheat (CPSW).

Trade Matrix

THAILAND: Wheat Grains Imports (Unit: Tons)		
	2000	2001
	(Jan-Dec)	(Jan-Dec)
United States	297,775	336,369
Australia	245,751	233,407
Canada	141,101	215,479
India	0	26,365
Others	110	0
Total	684,737	811,620

Source: Department of Customs

THAILAND: Wheat Flour Imports (Unit: Tons)		
	2000	2001
	(Jan-Dec)	(Jan-Dec)
United States	19	19
Australia	7,028	8,084
Belgium	2,512	2,973
France	262	218
Germany	380	66
Indonesia	7	87
Japan	18,892	17,653
Korea	6,892	114
Malaysia	5,664	15,415
Singapore	44	5,537
Taiwan	18	20
Turkey	974	828
Others	31	66
Total	42,723	51,080

Source: Department of Customs

Policy

As prices for domestic wheat flour in Thailand are the highest among the South Asian markets, it is the target for market penetration by mills throughout the region. This factor as well as a reduction in import duties for wheat flour and wheat-based products under the AFTA Tariff Schedule have made import prices much cheaper relative to local flour and wheat-based products (especially biscuit and confectionary), and began to pose a serious threat to local flour mills and biscuit manufacturers. While the import duty for wheat grains remains at 1.00 baht/kg (or about 15% of C&F prices), the actual import duties, after taking 25-30 percent loss in milling process into account, are estimated at about 20-22 percent on C&F prices. On the other hand, imported wheat flour and wheat-based products from AFTA countries are enjoying only 5% of import duties.

Because of a pressure on losing market share to imported products, the local flour mills are voicing their concerns to the government in two ways. Firstly, they petitioned to the Government stating that the importation of wheat flour under the AFTA tariff schedule are unjustified because all ASEAN countries should not meet the requirement of at least 30% local content. According to flour mills, they were told by the government that it is a long process to negotiate with the host country which issues the certificate of origin. Secondly, they made some efforts to request the government to reduce import duties for wheat grains to the extent that local flour can compete with imported flour. However, the government has not responded to their request, partly because the government may need to secure their revenue from the duties to handle their high budget deficit.

Marketing

According to the U.S. Wheat Associates/Singapore, they received the quality concerns from some flour mills about higher ash level, lower extraction rates, higher percentages of smaller kernels and higher level of foreign materials in HRS beginning with their October 2001 arrivals. This was particularly disconcerting to the mills since the information presented in the Crop Quality Seminars indicated that the 2001 HRS crop was of excellent quality and because many of the mills had tightened their contract specification. According to Thai mills, they may slowdown their purchase of U.S. wheat, unless this issue is resolved.

In addition, some mills are also requesting the GMO certification for the U.S. wheat shipments as it is considered a crucial document presented to their customers which manufacture processed foods for export. U.S. Wheat Associates (USW) will review with the Federal Grain Inspection Service (FGIS) the possibility of including the name of the vessel in which the wheat is shipped on the FGIS's official certification of "non-transgenic" wheat in each shipment.

Beans Section

PSD Table						
Country	Thailand					
Commodity	Beans				(1000 HA)(1000 MT)	
	Revised2000		Preliminary2001		Forecast2002	
	Old	New	Old	New	Old	New
Market Year Begin	01/2000		01/2001		01/2002	
Area Harvested	250	250	250	250	0	270
Beginning Stocks	10	10	12	12	12	19
Production	210	210	210	210	0	230
TOTAL Mkt. Yr. Imports	0	0	0	0	0	0
Jul-Jun Imports	0	0	0	0	0	0
Jul-Jun Import U.S.	0	0	0	0	0	0
TOTAL SUPPLY	220	220	222	222	12	249
TOTAL Mkt. Yr. Exports	33	33	30	18	0	35
Jul-Jun Exports	25	25	30	20	0	30
Feed Dom. Consumption	5	5	5	5	0	5
TOTAL Dom. Consumption	175	175	180	185	0	195
Ending Stocks	12	12	12	19	12	19
TOTAL DISTRIBUTION	220	220	222	222	12	249

Production

Thailand's pulse production (mung bean and black matpe) in 2002 is forecast to increase as continued attractive prices in 2000 are likely to encourage an expansion in growing area for the summer or early crops. However, the expansion may be limited by anticipated softening prices, which could affect the intention to plant the late-crop production. The estimate of pulse production in 2001 remain unchanged. Trade sources reported that the quality of mung bean and black matpe in 2001 was generally fair, but that of rainy-season mung bean crop was worse than that in 2000, due to the harvesting during wet conditions.

Farmers grow mung bean and black matpe as the minor crops before or after their harvesting of major field crops like corn, soybeans, or paddy. In the past several years, pulse production has stagnated because of its high production cost and fluctuating prices.

Consumption

Domestic consumption in 2002 is forecast to further grow from the 2001's level in line with increased population and economic growth. Mung bean are utilized to produce a wide range of food stuffs such as vermicelli, bean sprouts, bean flour and cake, confectionary. In addition, the low quality mung bean can be used as feedstuffs. Black matpe are mostly used for making sprouts.

According to trade sources, wholesale prices at Bangkok for mung bean and black matpe in 2002 should weaken, in response to increased supply availabilities and a likelihood of lower export prices. In 2001, prices for both mung bean and black matpe increased significantly due to a high domestic demand. The Office of Agricultural Economics reported that the average farmgate prices for mixed-grade mung bean in 2001 firmed by 15 percent to 15.35 baht/kg (US\$ 349/ton), while those for black matpe increased by 3 percent to 15.16 baht/kg (US\$ 345/ton).

Price Table

Prices Table			
Country	Thailand		
Commodity	Beans		
Prices in	Baht	per uom	Kilogram
Year	2000	2001	% Change
Jan	9310	15770	69.39%
Feb	9310	14980	60.90%
Mar	12140	16180	33.28%
Apr	14380	15600	8.48%
May	13190	15520	17.66%
Jun	11580	14710	27.03%
Jul	10790	15980	48.10%
Aug	13090	16830	28.57%
Sep	12900	16300	26.36%
Oct	13710	15160	10.58%
Nov	15050	13730	-8.77%
Dec	16260	13450	-17.28%
Exchange Rate	43.5	Local currency/US \$	

Note: Prices indicated above are mung bean prices (mixed grade) received by farmers

Source: Office of Agricultural Economics, Ministry of Agriculture
Trade

Due to increased supply availabilities, Thai pulse exports should recover to 30,000-35,000 tons in 2002. However, a recent decline in export prices offered by Thai competitors like Myanmar and China may limit Thai exports to some extent. In 2001, exports of mung bean and black matpe dropped sharply from 32,515 tons in 2000 to only 18,082 tons, mainly because of prevailing high domestic prices which made Thai pulses difficult to compete with competitors.

The U.S., Hong Kong, and ASEAN countries are the major buyers of Thai mung bean, while Japan, Pakistan, and Sri Lanka are regular importers of black matpe. Exports to India have been vulnerable, depending on its varying domestic production.

Trade Matrix

Export Trade Matrix			
Country	Thailand		
Commodity	Beans		
Time period	Jan-Dec	Units:	Tons
Exports for:	2000		2001
U.S.	1879	U.S.	2209
Others		Others	
Cambodia	6432	Cambodia	4447
Hong Kong	1625	Hong Kong	1466
India	3473	U.K.	434
Indonesia	951	Indonesia	140
Japan	1509	Japan	1287
Malaysia	1420	Malaysia	626
Pakistan	2998	Pakistan	1685
Philippines	4742	Philippines	870
Singapore	1636	Singapore	1131
Sri Lanka	3328	Sri Lanka	2156
Total for Others	28114		14242
Others not Listed	2522		1631
Grand Total	32515		18082

Policy

The Thai government has not intervened or subsidized pulse production and/or marketing, as it is considered a minor crop to other field crops or paddy.